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May 7, 1997

BY HAND DELIVERY

EX PARTE OR LATE FILED

William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, NW, Room 222  
Washington, DC 20554

RECEIVED

MAY - 7 1997

Re: Written Ex Parte Presentation -  
WT Docket No. 97-82, PP Docket No. 93-253

Federal Communications Commission  
Office of Secretary

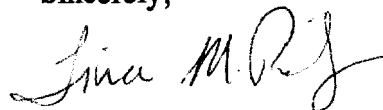
Dear Mr. Caton:

Cook Inlet Region, Inc. ("CIRI") hereby gives notice of a written ex parte presentation in the above-referenced proceeding. The presentation was made in the form of the attached letter.

CIRI delivered the attached letter to Chairman Hundt, and to Commissioners Quello, Ness, and Chong. CIRI also delivered the attached letter to individuals in the Office of General Counsel and the Wireless Telecommunications Bureau.

Two copies of the letter are included with this notification pursuant to Section 1.1206(a)(1) of the Commission's Rules, 47 C.F.R. § 1.1206(a)(1).

Sincerely,



Tina M. Pidgeon

Enclosures

cc: Chairman Reed E. Hundt  
Commissioner James Quello  
Commissioner Rachelle Chong  
Commissioner Susan Ness  
Jackie Chorney  
Suzanne Toller  
David Siddall

Peter Tenhula  
Rosalind Allen  
Kathleen Ham  
Dan Phythyon  
Jonathan Cohen  
Jerome Fowlkes

Evan Kwerel  
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MAY 7 1997

Federal Communications Commission  
Office of Secretary

COOK INLET FILE OUT ORIGINAL

COOK INLET REGION, INC.

May 7, 1997

Chairman Reed E. Hundt  
Federal Communications Commission  
1919 M Street, NW, Room 814  
Washington, DC 20554

BY HAND

Re: WT Docket No. 97-82. PP Docket No. 93-253: Part I Wireless Rules (Ex Parte)

Dear Chairman Hundt:

Cook Inlet Region, Inc. (CIRI) responds by this letter to the ex parte letter filed on May 1, 1997, by Mr. Leonard S. Sawicki of MCI Telecommunications Corporation. In that letter, Mr. Sawicki proposed that the Commission restructure over \$10 billion in debt owed by PCS C Block licensees to the government. He further proposed that this occur through a "waiver" process, apparently without further public comment.

In essence, Mr. Sawicki asks the Commission to change without compensation from quarterly interest payments to half-decade interest payments.

CIRI has discussed this proposal with a number of financial institutions, equipment vendors, and strategic partners (both foreign and domestic), and believes that the recommendations noted above are contrary to the public interest and the Commission's goals regarding the PCS entrepreneurs' blocks. Several observations support this position.

First, the distressed licensees acted more as speculators than entrepreneurs. Their bidding at the time far exceeded their business plan capacity under their existing capital structure, and also exceeded their legitimate ability to attract capital. The economy may have changed (and indeed has strengthened) in the time since the auctions, but the fundamental mistake of the distressed bidders is that they overbid. They speculated and now face failure.

Second, the essence of Mr. Sawicki's proposal is to reduce dramatically the consideration to be paid to the government. This fact -- which represents a cost to the government and taxpayers equal to five years of deferred payments -- should not be confused by claims of higher back-end payments. As demonstrated by the attached analysis, this cost to the taxpayer approaches \$3 billion dollars. It also is without any reasonable assurance that any money will be paid later, as discussed below. The Commission is being asked to bail out a handful of thinly capitalized foreign and domestic players by a figure that places such a program in the league of Penn Central, Chrysler and the Resolution Trust Corporation. The contrast, however, is apparent -- those efforts all involved well-established American entities, and extensive public reviews, and had explicit Congressional authority.

Chairman Reed E. Hundt

May 7, 1997

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Third, Mr. Sawicki proposes that the government get nothing in return. No increased security. No increased interest rates. No pay down of the principal amount. No strict covenants or ratios. No third-party guarantees. No letters of credit. This is commercially unreasonable by any standard.

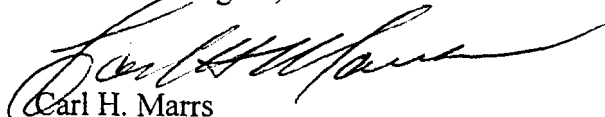
Fourth, fully qualified designated entities with experience and track records are prepared now to bid for these licenses at a prompt re-auction. The capital that Mr. Sawicki apparently believes is "waiting on the side lines" will be even more responsive to new players with new equity and more financially reasonable plans than to a group of speculators who have shown a propensity for over-bidding and a record of failure. Why should the government place its bets on parties that have already failed?

Finally, the policy questions here are truly substantial, perhaps even more so now than they were at the beginning of the PCS process. Now, \$10 billion of debt is at issue. Now, the integrity of future auctions is at issue. Now, non-defaulting entrepreneurial parties who can operate and perform in a non-speculative auction are waiting to bid for available licenses and bring PCS services to the public. Now, the future of the Commission's designated entity program under § 309(j) is at stake. These vital interests demonstrate that this issue deserves a genuine process for public review and comment. See J.E.M. Broadcasting Co., Inc. vs. FCC, 22 F. 3d 320, 327 (D.C. Cir. 1994) (examining whether "substantive effects are sufficiently grave so that notice and comment are needed to safeguard the policies underlying the APA").

CIRI proposes that the Commission immediately remove the installment payment suspension, move to recapture and re-auction defaulted licenses promptly, and strictly enforce its existing rules. Any change in the rules should be implemented only pursuant to a rulemaking, and any waiver or grace period requests should be the subject of public input and review.

Very truly yours,

Cook Inlet Region, Inc.



Carl H. Marrs

President/CEO

Attachment

cc: Commissioner James Quello  
Commissioner Rachelle Chong  
Commissioner Susan Ness  
Leonard Sawicki  
Jackie Chorney  
Suzanne Toller  
David Siddall

Peter Tenhula  
Rosalind Allen  
Kathleen Ham  
Dan Phythyon  
Jonathan Cohen  
Jerome Fowlkes  
Evan Kwerel

Rhonda Lien  
Ramona Melson  
Laura Smith  
D'wana Speight  
Amy Zoslov

DC LICENSES (\$ in millions except per Pop \$)		1988	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>BLOCK AUCTION</b>												
License Purchase				License Financing								
License Cost (GROSS)/Pop		\$ 53.33		Purchase Price (GROSS)		\$ 13,473.8						
License Cost (GROSS)		\$ 13,473.8		Bidding Credit		25%						
License Cost (NET)/Pop		\$ 39.86		Purchase Price (NET)		\$ 10,071.7						
License Cost (NET)		\$ 10,071.7		Down Payment		10%	\$ 1,007.2					
Pop (in millions)		252.7										
<b>EXISTING FCC TERMS</b>												
Beginning Principal	90%	\$ 9,064.5	\$ 9,064.5	\$ 9,064.5	\$ 9,064.5	\$ 9,064.5	\$ 9,064.5	\$ 9,064.5	\$ 9,064.5	\$ 6,798.4	\$ 4,532.3	\$ 2,266.1
Principal Payments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,266.1)	\$ (2,266.1)	\$ (2,266.1)	\$ (2,266.1)
Interest Expense		\$ -	\$ 625.5	\$ 625.5	\$ 625.5	\$ 625.5	\$ 625.5	\$ 625.5	\$ 625.5	\$ 469.1	\$ 312.7	\$ 156.4
Interest Payments		\$ -	\$ (625.5)	\$ (625.5)	\$ (625.5)	\$ (625.5)	\$ (625.5)	\$ (625.5)	\$ (625.5)	\$ (469.1)	\$ (312.7)	\$ (156.4)
Ending Principal		\$ 9,064.5	\$ 9,064.5	\$ 9,064.5	\$ 9,064.5	\$ 9,064.5	\$ 9,064.5	\$ 9,064.5	\$ 6,798.4	\$ 4,532.3	\$ 2,266.1	\$ 0.0
Interest Rate: 10 Yr T-Bill	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%
Principal Payment Schedule (4 Year)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	25.0%	25.0%	25.0%	25.0%
Existing Government's Cash Inflow												
Inflow - Principal Payments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,266.1	\$ 2,266.1	\$ 2,266.1	\$ 2,266.1
Inflow - Interest Payments		\$ -	\$ 625.5	\$ 625.5	\$ 625.5	\$ 625.5	\$ 625.5	\$ 625.5	\$ 625.5	\$ 469.1	\$ 312.7	\$ 156.4
Cash Inflow		\$ -	\$ 625.5	\$ 625.5	\$ 625.5	\$ 625.5	\$ 625.5	\$ 625.5	\$ 2,891.6	\$ 2,735.2	\$ 2,578.9	\$ 2,422.5
Present Value of Existing Terms												
Discount Rate of 14%	\$5,340											
<b>MCI'S PROPOSED TERMS</b>												
Beginning Principal	90%	\$ 9,064.5	\$ 9,064.5	\$ 9,690.0	\$ 10,358.6	\$ 11,073.3	\$ 11,837.4	\$ 12,654.1	\$ 12,654.1	\$ 12,021.4	\$ 10,756.0	\$ 9,490.6
Principal Payments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (632.7)	\$ (1,265.4)	\$ (1,265.4)	\$ (9,490.6)
Interest Expense		\$ -	\$ 625.5	\$ 668.6	\$ 714.7	\$ 764.1	\$ 816.8	\$ 873.1	\$ 873.1	\$ 829.5	\$ 742.2	\$ 654.9
Interest Payments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (873.1)	\$ (873.1)	\$ (829.5)	\$ (742.2)	\$ (654.9)
Ending Principal		\$ 9,064.5	\$ 9,690.0	\$ 10,358.6	\$ 11,073.3	\$ 11,837.4	\$ 12,654.1	\$ 12,654.1	\$ 12,021.4	\$ 10,756.0	\$ 9,490.6	\$ (0.0)
Interest Rate: 10 Yr T-Bill	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%
Principal Payment Schedule (4 Year)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	10.0%	10.0%	75.0%
MCI Proposal Government's Cash Inflow												
Inflow - Principal Payments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 632.7	\$ 1,265.4	\$ 1,265.4	\$ 9,490.6
Inflow - Interest Payments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 873.1	\$ 873.1	\$ 829.5	\$ 742.2	\$ 654.9
Cash Inflow		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 873.1	\$ 1,505.8	\$ 2,094.9	\$ 2,007.6	\$ 10,145.5
Present Value of MCI's Terms												
Discount Rate of 14%	\$2,351											
<b>US TREASURY LOSS FROM MCI PROPOSAL</b>	\$2,988											